

VINOVEST QUARTERLY REPORT

Q1 - 2020





Simple, Modern Wine Investing for Everyone

Welcome to the world of fine wine.

Vinovest's mission is to make wine investing friendly and approachable through world-class wine experts and technology.

Whether you are a new or veteran investor, you can now invest in the best.



Quick Facts

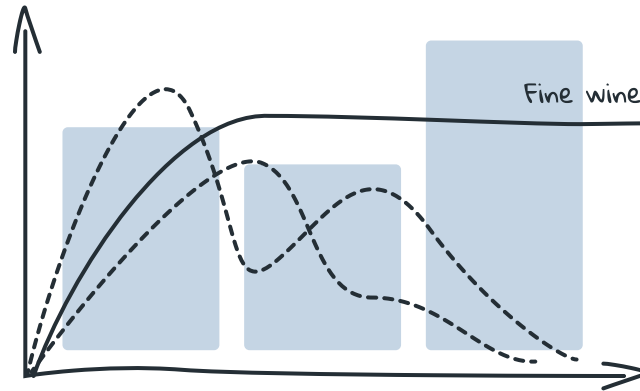
Quarterly reports are long, and people are busy. In case you want the 30-second version, here are the key takeaways:

- 01 . The Vinovest 100 Index (+1.1%) outperformed the Dow Jones (-22.7%) and the SP 500 (-22%)
- 02 . Italy, Rhone, and Champagne are among the most promising regions for growth
- 03 . Fine wine flexed its recession-resistance muscles in the wake of the coronavirus
- 04 . Shifts in demand should create exceptional investment opportunities in Q2
- 05 . We relaunched our website to make wine investing even easier



+55.95%

The return on investment Armand Rousseau, Chambertin 2013, the highest appreciating wine in Q1



+1.1%

The growth in the Vinovest 100 Fine Wine Index compared to -22.7% for the Dow Jones and -22% for the S&P 500



117

The number of trees Vinovest will plant based on Q1 wine purchases to **offset carbon emissions**

Vinovest Performance in Q1

The Vinovest 100 index

The Vinovest 100 Index is a proprietary index that tracks the fine wine market. The components include wine prices from major regions such as Bordeaux, Burgundy, Champagne, Rhone, Tuscany, Piedmont, California, Australia, Spain, Portugal, and others. During Q1, the Vinovest 100 Index returned +1.1%.

The +1.1% return represents an aggregate of all Vinovest investor portfolios. Individual portfolios may have performed better or worse, depending on their composition.

Considering the economic downturn caused by the coronavirus, the Vinovest 100 Index showed remarkable resilience. This performance is especially impressive as China experienced a country-wide lockdown for nearly two months, stifling its participation in fine wine investing. While the turbulence of the outbreak remains to be seen in full, any potential slowdown or dip will be minuscule compared to the traditional global markets.

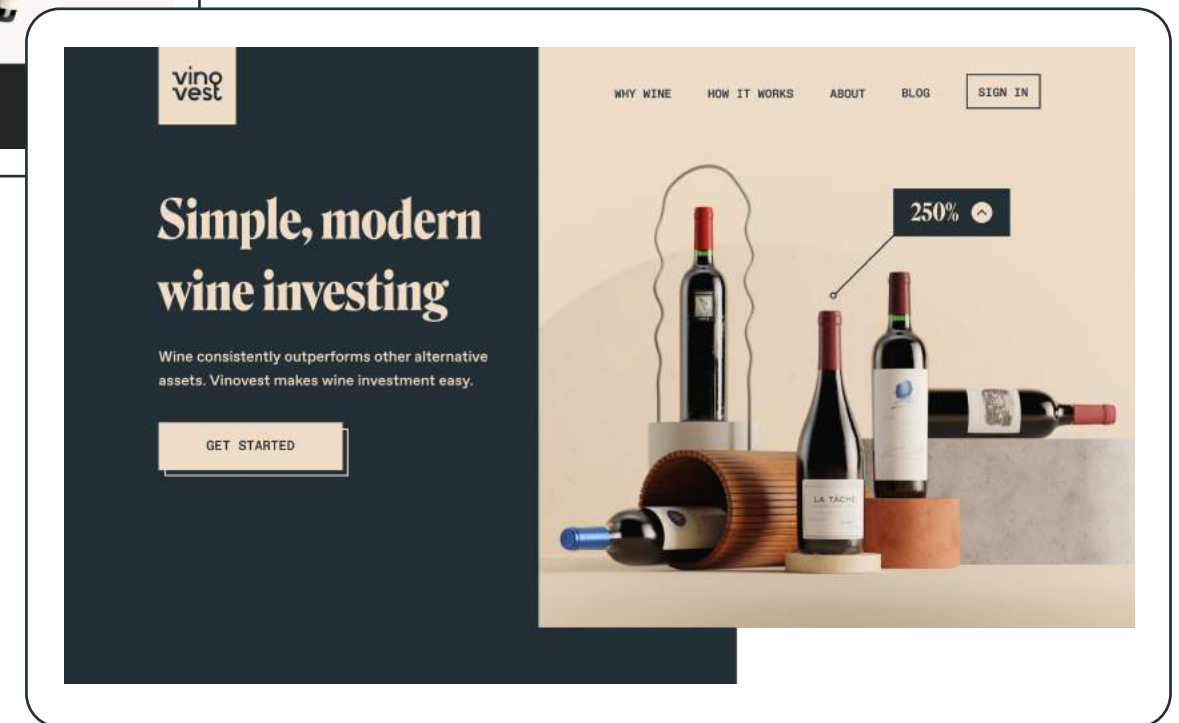
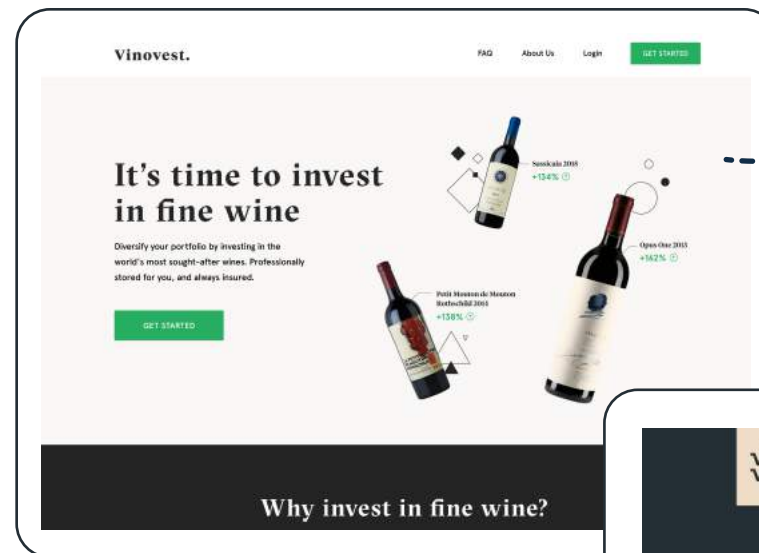
March saw a sharp jump in activity as long term buyers emerged to find bargain wines. Overall, trade volume has been steady. With the global uncertainty in the financial markets, the +1.1% return offers rare stability.



News and Notes

Website Relaunch

We take pride in making wine investing understandable and welcoming. That is why we are excited to tell investors about our [newly redesigned website](#). The new site offers a sleek interface, intuitive features, and insightful tools to give you confidence when investing.



New Referrals Program

Invite a friend, pay no fees for three months. It's that simple. Plus, your friend gets three months of fee-free investing, too. More upside for you both!

This feature is launching within the next week, so stay tuned!

**Share the wealth.
Get 3 months of no fees.**

Help everyone in your circle grow their money. When a friend funds a Vinovest account through your invite link, you'll get an additional 3 months of free wine storage and management. Best part is, your friend also gets 3 months free as well!

Cheers to you both! 🥂

MONTHS MANAGED FREE	0
SUCCESSFULL INVITES	0

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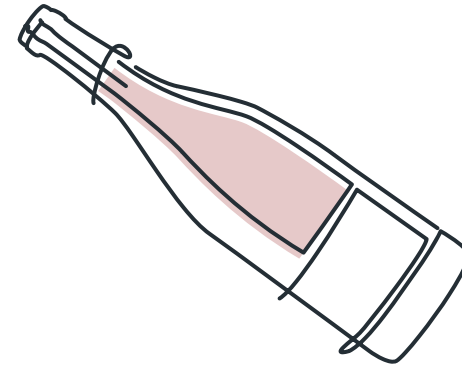
Fine wine market in Q1

There has been an overall increase in trade activity to start the year, which is promising. Diversification will be critical as many "second-tier" markets, such as Chile, Spain, and Argentina, are rising in stature. While there is some degree of uncertainty from geopolitical events, there are plenty of notable opportunities for fine wine investors.



Bordeaux

Bordeaux benefits from a robust reputation that has fueled international demand to the tune of 1.98% in Q1. Selective investing in First Growths can prove to be a lucrative strategy as many vintages have had prices fallen recently.



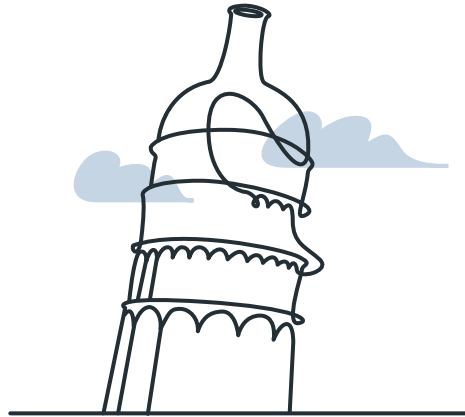
Burgundy

Burgundy wines had the **highest five-year return** from 2014 to 2019 at 96% but have experienced the recent slow down from his incredible rally. The region's limited production and strict allocation will continue to bolster its long-term investment potential as it grew 0.04% in Q1.



Champagne

Champagne has seen a significant spike in interest lately. The rising demand and attractive entry prices make it one of the best investment options as the region returned 0.59% in Q1.



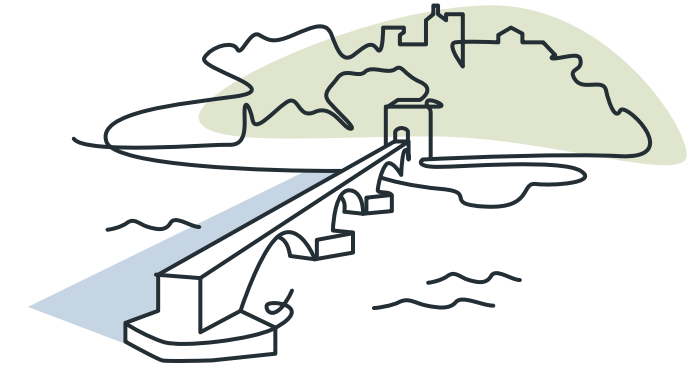
Italy

Piedmont and Tuscany have seen increasing investment demand. The regions were the best performers last year and started strong again this year with quarterly returns of at 5.83% and 3.36%, respectively, thanks to affordable entry points, world-class quality, and low volatility.



California

California underperformed this quarter at 0.1% relative to other elite wine regions. While the coronavirus and US-China trade war do not help, keen investors can still find choice investing opportunities.

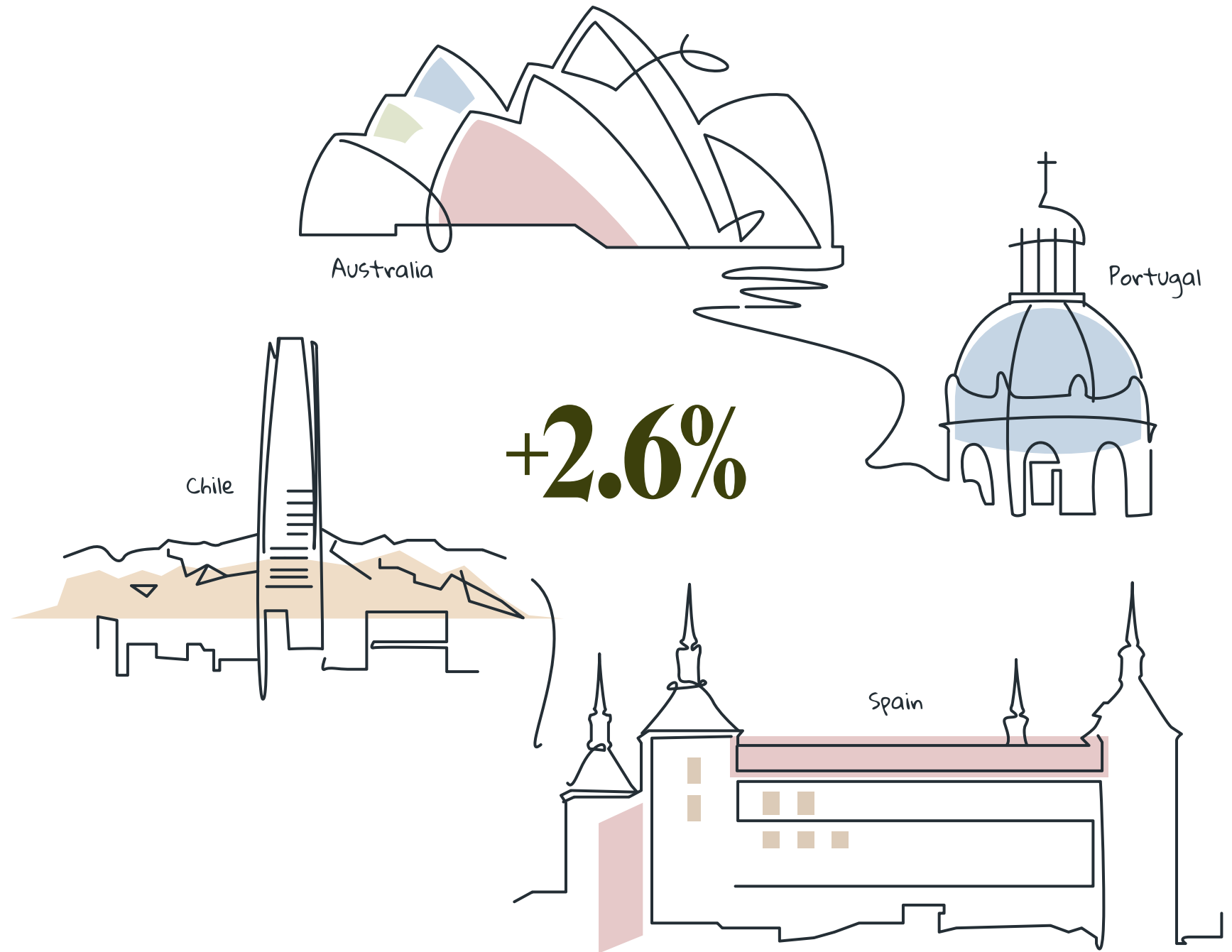


Rhone

Despite its lengthy winemaking heritage, Rhone is undervalued in the investment market. There has been a gradual shift in investor's interest, though, that makes it one of the top emerging markets. Rhone returned 0.07% in Q1.

Emerging Markets

Our Emerging Markets subindex, which includes producers from Australia, Spain, Portugal, and Chile, produced a 2.6% return. Investors looking for under the radar opportunities should monitor these regions closely this year.

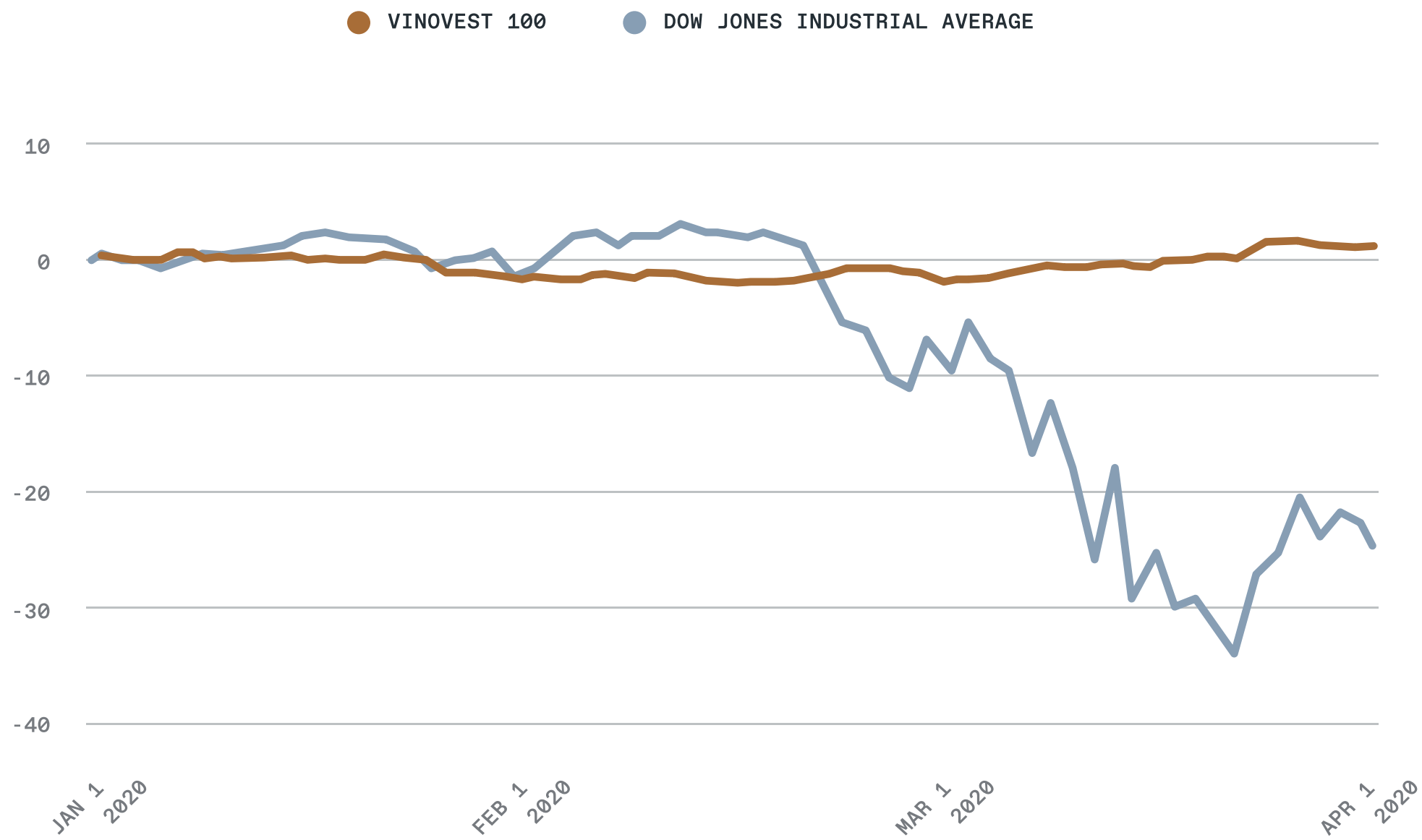


Global markets in Q1

It's impossible to talk about the global markets without mentioning the coronavirus.

The outbreak has brought many financial sectors to a grinding halt, with investors losing trillions of dollars. Fortunately, fine wine has recession-resistant characteristics that other assets do not.

Wine vs. Stocks Q1 - 2020



Vinovest had 1.1% growth since the start of 2020

The uptick is buoyed, in part, due to an increasing interest in Italian and Australian wines. There has also been a rise in quality from "second-tier" producers, which are attracting international attention.

Fine wine seemingly lives in a world separate from the supply chain disruption and uncertainty caused by the coronavirus. We have already seen the [Federal Reserve cut interest rates to near zero](#), and governments around the world [pass stimulus packages](#). As a result, savvy investors are searching for uncorrelated asset classes that can provide stability during these trying times.

The stock market drops in Q1 reflect a sense of worry among some investors.

Some specific industries, such as airlines, cruise lines, hotels, and real estate, have been hit particularly hard. As a result, the Dow Jones fell 22.7% while the S&P 500 fell 22%.

Right now, people investing in traditional assets do not know how long or how severe the pandemic will be. The global economy may slow down, but there is more nervousness, speculation, and fear than anything. The lack of certainty is driving stock market volatility, with many investors preparing for the worst.

Investment Outlook for Q2 2020

Forecasting is difficult. With the unprecedented uncertainty in the wake of the coronavirus outbreak, projections seem inconsequential.

Perhaps the best way to understand the future of fine wine is to examine the past.

With an impending recession, Vinovest investors can rest assured, knowing fine wine has almost no correlation with the stock market. [Fine wine has held up](#) against the 2008 Recession, Dot Com bubble, and the Great Depression, while traditional investments suffer.

Fine wine endures these financial pressures because it is not susceptible to the same market forces as its counterparts. This fact isn't changing any time soon, either. Therefore, wine investors can have peace of mind knowing a part of their portfolio is recession-resistant.

Q2 may provide exceptional investment opportunities.

Some businesses that regularly purchase fine wine, such as restaurants and hotels, are cutting back on their inventory. As a result, we may see several months of discounted prices on investment-grade wines.

In the meantime, Vinovest is strengthening its relationships with top wine producers. We take pride in providing unparalleled access to fine wine and want to ensure that continues now and in the future.

vino
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Start investing today

Questions? Contact ir@vinovent.co

